

Message Text

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TO SECSTATE WASHDC 0692

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MADRID

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SUBJECT: THE EMPLOYERS AND UNEMPLOYMENT

REF: PARIS A-246 OF JUNE 27, 1977

1. BEGIN SUMMARY: AGAINST THE BACKGROUND OF TACTICAL SUCCESS IN THE POLITICAL WARFARE ON THE UNEMPLOYMENT STATISTICS, FRANCE'S EMPLOYERS' ASSOCIATION HAS HELD ITS GENERAL ASSEMBLY WHERE A NUMBER OF INTERESTING LONG-TERM POSSIBILITIES ON THE FUTURE ECONOMIC STRUCTURE OF THE COUNTRY WERE DISCUSSED. END SUMMARY.

2. IN SEPTEMBER, AN ESTIMATED 670,000 YOUNG PEOPLE ENTERED THE FRENCH LABOR MARKET. WITH REGISTERED UNEMPLOYMENT ALREADY AT A RECORD HIGH, BOTH THE GOVERNMENT AND THE EMPLOYERS HAD BEEN READYING, FOR SOME LIMITED OFFICIAL USE

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TIME, A NUMBER OF EMERGENCY MEASURES DESIGNED TO ABSORB THESE NEW WORKERS AND WARD OFF THE POLITICALLY DISASTROUS JOB CRISIS THE GOVERNMENT'S CRITICS WERE PREDICTING.

3. THE GOVERNMENT'S MEASURES, "THE PACT FOR EMPLOYMENT", ANNOUNCED IN APRIL AND IMPLEMENTED IN JULY,

WERE DESIGNED TO PROVIDE FINANCIAL INDUCEMENTS, ESPECIALLY IN THE FORM OF TEMPORARY SOCIAL SECURITY TAX EXEMPTIONS, TO EMPLOYERS WHO WOULD HIRE NEW WORKERS. IT WAS RECOGNIZED, HOWEVER, THAT THIS KIND OF SCHEME, WHICH WOULD BE FINANCIALLY ATTRACTIVE ONLY TO SMALLER EMPLOYERS, WAS IN ITSELF INSUFFICIENT. THE REAL PUSH TO THE GOVERNMENT'S PROGRAM WOULD COME THROUGH THE MOBILIZATION OF THE ENTIRE BUSINESS COMMUNITY, THROUGH THE EMPLOYERS' ASSOCIATION (PATRONAT) AND THE OTHER ORGANIZATIONS. THE MESSAGE WAS: EITHER HIRE AS MANY YOUNG PEOPLE AS POSSIBLE, OR FACE THE DANGER OF A UNION OF THE LEFT GOVERNMENT NEXT YEAR (SEE REF). THE GOAL SET WAS THE FILING OF 500,000 OFFERS OF EMPLOYMENT.

4. BY OCTOBER, THE FIRST FRUITS OF THE GOVERNMENT'S AND EMPLOYERS' EFFORTS BEGAN TO APPEAR. THE PATRONAT (THE COUNTRY'S LARGER EMPLOYERS) AND THE ASSOCIATION OF SMALL AND MEDIUM ENTERPRISES (INDEPENDENT EMPLOYERS OF LESS THAN 600 WORKERS) ANNOUNCED THAT THROUGH CANVASSING THEIR MEMBERS, AND THROUGH THEIR CLOSE CO-OPERATION WITH THE NATIONAL EMPLOYMENT AGENCY, SOME 300,000 JOB OFFERS HAD BEEN OBTAINED AND FILED. SIMILARLY, THE OFFICIAL CHAMBERS OF COMMERCE HAD THEIR FIRST ESTATES GENERAL SINCE THE REIGN OF HENRY IV TO ANNOUNCE THAT THEY HAD LOCATED AND FILED 160,000 OFFERS OF EMPLOYMENT. IT WAS FRANKLY ADMITTED THAT LIMITED OFFICIAL USE

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THERE WAS PROBABLY SOME OVERLAP BETWEEN THE CHAMBERS' FILINGS AND THOSE OF THE PRIVATE EMPLOYERS' ASSOCIATIONS; AND THAT IT WAS NOT CERTAIN PRECISELY HOW MANY OF THESE JOBS WERE NEW AS OPPOSED TO VACANCIES WHICH WOULD HAVE COME UP ANYWAY. BUT THE FIGURES WERE PRESENTED AS EVIDENCE THAT THE EMPLOYERS' CAMPAIGN WAS WORKING AND THAT MORE JOB OFFERS WERE YET TO COME. THE IMPACT OF THESE SUCCESSES WAS FURTHER MAGNIFIED BY THE FALL IN THE UNEMPLOYMENT LEVELS IN SEPTEMBER, THE FIRST SUCH DECLINE IN MONTHS, AND AN INCREASE IN EMPLOYMENT (SEE PARIS 29839).

5. IN CONSIDERING THESE DEVELOPMENTS, IT SHOULD BE NOTED THAT THE EMPLOYERS' CLAIMS OF SUCCESS IN FINDING JOBS HAVE MUCH IN COMMON WITH THE POLITICAL LEFT'S OWN CLAIMS ABOUT THE EXTENT OF UNEMPLOYMENT AMONGST THE YOUTH AND WOMEN. BOTH REPRESENT, TO A LARGE EXTENT, POLITICALLY MOTIVATED NUMBERS GAMES AIMED AT CREATING STATES OF MIND AMONGST THE PUBLIC RATHER THAN SERIOUSLY DISCUSSING WHAT IS ACTUALLY GOING ON IN THE LABOR MARKETS. IN CONSIDERING THE EMPLOYERS' FIGURES ON JOB OFFERS, FOR EXAMPLE, IT IS NECESSARY TO KEEP IN

MIND THAT (AS IS FREELY ADMITTED IN PRIVATE DISCUSSIONS)
MANY OF THESE JOBS REQUIRE SKILLS NOT READILY AVAILABLE,

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PARTICULARLY AMONG THE YOUTH; OR ARE IN AREAS OF
RELATIVE LABOR SHORTAGE, ETC. IT IS ALSO INTERESTING
THAT SOME 200,000 OF THE 300,000 JOB OFFERS COME FROM
THE SMALL AND MEDIUM EMPLOYERS, WHEREAS THE NUMBER OF
JOBS BEING OFFERED BY THE VERY LARGEST FIRMS IS RELA-
TIVELY DISAPPOINTING. SUCH A DEVELOPMENT WOULD APPEAR
TO BE CONSISTENT WITH THE ESSENTIALLY POLITICAL NATURE
OF THE SMALLER EMPLOYERS' RESPONSES, REFLECTING THEIR
PERSONAL ENGAGEMENT IN THE UPCOMING ELECTIONS; AS
OPPOSED TO THE MORE CAUTIOUS AND COMMERCIALY-BASED
ACTIONS OF THE CORPORATIONS. (WE ARE TOLD PRIVATELY
BY THE ASSOCIATION OF SMALL AND MEDIUM EMPLOYERS THAT
EVEN MORE JOB OFFERS WOULD HAVE BEEN FORTHCOMING WERE
IT NOT FOR TIGHT CREDIT CONTROLS, AND THEIR MEMBER-
SHIP'S REFUSAL TO TAKE ON PEOPLE THEY ARE NOT PREPARED
TO KEEP ON ONCE THE FINANCIAL INDUCEMENTS END.)

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6. IN PRIVATE, THERE ARE FEW SERIOUS INDIVIDUALS ENGAGED IN THE POLITICAL ARGUMENT OVER UNEMPLOYMENT WHO WOULD DISPUTE THAT THE UNDERLYING PROBLEM IS THE WORLD ECONOMIC RECESSION; AND THAT THERE IS RELATIVELY LITTLE FRANCE, ALONE, CAN DO TO OFFSET ITS CONSEQUENCES. THUS, FOR EXAMPLE, NO ONE IS REALLY EXCITED YET ABOUT WHAT MAY BE ONLY A TEMPORARY DROP IN THE UNEMPLOYMENT RATE. AGAINST THAT BACKGROUND, THE PATRONAT'S OCTOBER 15-18 GENERAL ASSEMBLY (ASSIZES) TOOK ON MORE THAN ROUTINE SIGNIFICANCE. LITERALLY THOUSANDS OF THE NATION'S MAJOR BUSINESS EXECUTIVES GATHERED IN PARIS TO PARTICIPATE IN WORKSHOPS AND HEAR MAJOR ADDRESSES ON THE THEMES OF "MAN, THE ENTERPRISE, AND THE COMMUNITY".

7. IN THESE MEETINGS, ATTENTION WAS NOT DIRECTED MERELY AT THE PREDICTABLE ISSUES (ALLEGEDLY EXCESSIVE UNEMPLOYMENT BENEFITS, WORKER MOTIVATION, THE PROPER EXERCISE OF MANAGERIAL AUTHORITY, THE PROBLEMS OF DEALING WITH THE REVOLUTIONARY UNIONS, ETC.). IN A NUMBER OF CAREFULLY PREPARED TALKS FROM THE PODIUM, ALL GEARED TO THE MAIN THEMES OF THE CONGRESS AND TO THE IDEA OF THE FREE ENTERPRISE AS AN "ENGINE OF CHANGE", SOME LEADING FRENCH BUSINESSMEN RAISED THE POSSIBILITY THAT DUE TO THE FOSSIL FUEL CRISIS THE DAYS OF HIGH LEVELS OF ECONOMIC GROWTH, OF LARGE SCALE PRODUCTION UNITS, AND OF CENTRALIZED DIRECTION AND CONTROL OF THE ENTERPRISE MAY BE COMING TO AN END. THE HEAVY SOCIAL AND FINANCIAL BURDENS OF URBAN CONCENTRATIONS AND RURAL DEPOPULATION WERE ALSO DISCUSSED; AND THE ASSEMBLED EMPLOYERS AND THEIR GUESTS WERE INVITED TO CONSIDER THE POSSIBILITY THAT THE FUTURE LIES IN OPENING UP SMALL PRODUCTION UNITS, IN SMALL LIMITED OFFICIAL USE

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TOWNS, WHICH THANKS TO NEW TECHNOLOGY AND FREEDOM FROM CENTRALIZED CONTROL WOULD BE BOTH PROFITABLE AND SOCIALLY BENEFICIAL. AND IN CONNECTION WITH THAT LATTER POINT, THE EMPLOYERS WERE ALSO URGED TO GET OUT AND MINGLE WITH THE ELECTED OFFICIALS, POLITICIANS, CIVIL SERVANTS, AND CITIZENS' GROUPS IN THEIR AREAS AND MAKE THEM AWARE OF THE PROBLEMS FACING THEIR ENTERPRISES AND THE WHOLE FRENCH ECONOMY.

8. WHILE CERTAIN POLITICAL CONSIDERATIONS OBVIOUSLY

WERE INVOLVED IN THE CONGRESS'S THEMES, IT WOULD BE
BOTH UNFAIR AND UNWISE TO TREAT ALL THESE DEVELOPMENTS,
AND, IN PARTICULAR THE ESSENTIALLY PRIVATE DISCUSSIONS
ON THE FUTURE ORGANIZATION OF PRODUCTION, AS MERE
POLITICAL STUNTS. RATHER, IT IS CLEAR THAT THE
PATRONAT IS TRYING TO COME TO GRIPS WITH A NUMBER
OF SERIOUS LONG-RANGE PROBLEMS, NOT THE LEAST OF WHICH
IS HOW TO ACCOMMODATE ITSELF TO THE IMPLICATIONS OF
AN INDEFINITE ENERGY CRISIS.
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